
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
PHONE (317) 232-3777
FAX (317) 232-8779



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204

MEMORANDUM

TO: Assessing Officials

FROM: Cheryl Musgrave *Wm*

DATE: June 19, 2008

SUBJECT: Required Contract for Appraisal Services, after July 1, 2008

2008 General Instructions for Use of the Model Contract of Annual Adjustments

On March 24, 2008, House Enrolled Act 1001 was signed into law. The Act prescribes mandatory changes to the way counties may contract with vendors for professional appraisal services and software products and applications. These changes are effective July 1, 2008.

The amendments to Ind. Code § 6-1.1-4-19.5, require the Department of Local Government Finance ("Department" or "DLGF") to be a party to all contracts executed by the counties for assessing or appraisal services as of July 1, 2008.

This memorandum will outline the statutory changes and provide the link to the new model contract that must be used by all counties regardless of the contractor.

The Department requests that county assessors bring any existing contracts for appraisal services into compliance with the requirements as of July 1, 2008.

The model contract for professional appraisal services is provided by the Department to comply with I.C. 6-1.1-4-18.5 and I.C. 6-1.1-4-19.5, as amended by P.L. 2008 (HEA 1001.) The model contract can be accessed at www.in.gov/dlzf/4702.htm.

If a county assessor chooses to employ a professional appraiser to assist with annual adjustments, he or she must use the model contract.

The model contract contains several places for the assessor to provide necessary information and to make their own decisions regarding certain terms. *The DLGF strongly recommends that the county assessor seek the assistance of their county attorney in reviewing the contract to ensure compliance with all county policies and procedures regarding contracts that are specific to each individual county.*

The model contract lists the services to be provided by the professional appraiser in paragraph 2 based on the DLGF's administrative rules for annual adjustments contained in 50 IAC 21. While it is important that all tasks required by 50 IAC 21 be completed, the county assessor and contractor may agree to the division of these tasks based on the individual needs of the County. If the county assessor is responsible for any of the tasks listed in paragraph 2, the task should be moved to paragraph 3, which sets forth the county assessor's responsibilities under the model contract. The county assessors should also feel free to include any other tasks that they would like the professional appraiser to complete. Also, the model contract includes optional language concerning sales disclosure forms which should only be included if the county assessor chooses to have the contractor assist with those tasks.

I.C. 6-1.1-4-19.5(b) specifically requires the following provisions be included in the Model Contract:

- (a) a fixed date by which the professional appraiser or appraisal firm shall have completed all responsibilities under the contract;
- (b) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (c) a provision requiring the appraiser, or appraisal firm, to make periodic reports to the County Assessor involved;
- (d) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (3) of this subsection are to be made;
- (e) a precise stipulation of the services to be provided and the classes of property to be appraised;
- (f) a provision stating that the DLGF is a party to the contract. No contract shall be approved without this provision. Further, **since the DLGF is required to execute the Contract, the Contract should be fully executed by the Board of County Commissioners, the Assessor, and the Contractor before it is submitted to the DLGF for execution.**
- (g) a provision stipulating that the contractor will generate complete parcel characteristics and parcel assessment data in a manner and format acceptable to the Legislative Services Agency and the Department; and
- (h) a provision stipulating that the Legislative Services Agency and the Department have unrestricted access to the contractor's work product under the contract.

I.C. 6-1.1-4-18.5(b) requires County Assessor to give notice and receive bids for professional appraisal services prior to entering into a contract with a professional appraiser for any assessment services.

Many provisions are now mandatory because the Department, and through it the State, is now a party to the contract. These provisions may not be waived under any circumstances. These provisions include:

1. Allowing the Department unlimited access to the records of the contractor.
2. A requirement that the contractor obtain all necessary permits and licenses.

3. A requirement that the contractor keep confidential all parcel data and all personally identifiable information.
4. A requirement that disputes arising under the contract be resolved by submitting writings to the Commissioner of the Department. The decision of the Commissioner shall be final and conclusive; unless either parties choose to litigate the dispute after the dispute resolution process has been exhausted.
5. The inclusion of the certification of a drug-free workplace as presented under Executive Order No. 90-5, April 12, 1990.
6. An indemnification clause wherein the contractor agrees to hold harmless the Department and State of Indiana.
7. Required compliance by the contractor with all state IOT practices, policies, standards, and guidelines.
8. A requirement that the contractor provide a performance bond in an amount equal to the value of the contract.
9. A requirement that the contractor comply with the Indiana Civil Rights Law, I.C. 22-9-1-10, wherein the contractor agrees that it shall not discriminate against any employee on the basis of gender, race, color, national origin, religion, age, disability, ancestry, veteran status, or any other federally protected characteristic.
10. A provision stating that the contract may be terminated, in whole or in part, by the Assessor or the Department whenever, for any reason, the Assessor or the Department determines that termination is in the best interest of whatever interest the Assessor or the Department determines is appropriate.
11. A provision stating that the Department will not reimburse the contractor for any travel expenses.
12. A provision stating that payment to the contractor upon completion of the contract is made solely by the county and not by the Department.